NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

For KCC Use:
Effective Date: 11-6-04
District #: 2
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

OPERATOR: License #: 32825
Name: Pioneer Exploration LTD
Address: 15603 Kuykendahl Suite 200 Houston, Texas 77090
City/State/Zip: Houston, Texas 77090
Contact Person: Sheila Bolding
Phone: 281-893-9400 Ext 234

CONTRACTOR: License #: 33006
Name: Ace Drilling

Well Drilled For: Oil, Gas, Storage, Disposal
Well Class: Infield, Pool Ext., Wildcat
Type Equipment: Mud Rotary, Air Rotary

Oct 20 2004
KANSAS CORPORATION COMMISSION

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date:
Directional, Deviated or Horizontal well?: Yes No
Bottom Hole Location:
KCC DKT #:

Spot
SE . SW . SW
Sec. 25 Twp. 30 S. R. 9
330 feet from N S Line of Section
990 feet from E W Line of Section
Is SECTION Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)

County: Kingman
Lease Name: Albers Trust
Well #: 1-25
Field Name: Spivey Grabs Basil
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Mississippian
Nearest Lease or unit boundary: Morris Wolf
Ground Surface Elevation: 1627 feet MSL
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No
Depth to bottom of fresh water: 100
Depth to bottom of usable water: 180
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: NONE
Length of Conductor Pipe required:
Projected Total Depth: 4700
Formation at Total Depth: 4500
Water Source for Drilling Operations: Well Farm Pond Other
DWR Permit #:
(Note: Apply for Permit with DWR )
Will Cores be taken? Yes No
If Yes, proposed zone:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office prior to spudding of well;
2. A copy of the approved notice of intent to drill shall be posted on each drilling rig;
3. The minimum amount of surface pipe as specified below shall be set by cementing down to the top; in all cases surface pipe shall be set through all consolidated materials as a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.
Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. In all cases, NOTIFY district office prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 10-19-04 Signature of Operator or Agent: Title: Regulatory Analyst

Remember to:
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired
Signature of Operator or Agent: Date:

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 -
Operator: Pioneer Exploration,LTD.
Lease: Albers Trust
Well Number: 1-25
Field: Spivey Grabs Basil

Number of Acres attributable to well: ____________________________
QTR / QTR / QTR of acreage: ________________

Location of Well: County: Kingman
330 feet from N / S Line of Section
990 feet from E / W Line of Section
Sec. 25  Twp. 30  S. R. 9
Is Section: ✔ Regular or  ❑ Irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used:  ❑ NE  ❑ NW  ❑ SE  ❑ SW

PLAT
(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to the nearest lease or unit boundary line.)

EXAMPLE

NOTE: In all cases locate the spot of the proposed drilling location.

In plotting the proposed location of the well, you must show:
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).
November 1, 2004

Ms. Shelia Bolding
Pioneer Exploration, Ltd.
15603 Kuykendahl Ste 200
Houston, TX 77090

Re: Drilling Pit Application
Albers Trust Lease Well No. 1-25
SW/4 Sec. 25-30S-09W
Kingman County, Kansas

Dear Ms. Bolding:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed without slots, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 when the fluids have been removed. Also, please file the enclosed CDP-5, Surface Pond Waste Transfer, within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

Kathy Haynes
Environmental Protection and Remediation Department

cc: Doug Louis